have been quoted in the Press as if I had used the word "mess". It is most unfortunate. I would only wish the PTI had been more careful about every word that is used in Parliament. About every word that is said in Parliament, one has to understand the import of it. I would again like to put the record straight. I have never used that word.

Now, with the new CMD in place since the 16th July, I am confident that we would be able to give you good air services and with new aircraft you will get a good civil aviation network within the next year. However, this is not relevant to the main question.

As far as Air-India is concerned, I would like to say that Air-India has never drawn on the foreign exchange resources of the country, to the best of my knowledge, and it has always generated its own resources.

Recently, we have reviewed its working during the first quarter of this year compared to the first quarter of last year. I would just like to inform the House that the operating profit in the first quarter of the financial year, 1992-93, has gone up by quarter last year. I would also like to inform the honaurable Members that the Air-India, during the quarter, April-June, 1992, has carried 1,16,000 more passengers than it did in April-June of 1991. So, all round, there is improvement. In the six or seven corporation under the Ministry positive indications have been clearly reflected in every single review during the last three months and I am absolutely confident that Air-India would be able to repay its liabilities from its own generated resources.

THE DEPUTY CHAIRMAN: Question No. 286.

Outflow of Foreign Exchange

*286. SHRI SUKOMAL SEN:†
SHRI SUNIL BASU RAY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that an outflow of foreign exchange, from deposits by Non-Resident Indians, has started in the first two months of the financial year 1992-93;

(b) if so, what are the reasons thereof;and

(c) what steps Government have taken to stop the outflow?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) to (c) According to the provisional data available with RBI, in the months of April and May, 1992, the net outflow from Non-Resident Bank deposits was US$ 221 million.

This outflow has been lower than that in the corresponding period of 1991-92, when the net outflow as US$ 652 million.

Government continuously monitors the position, and takes suitable steps from time to time to make investments and Bank deposits in India more attractive to NRIs.

SHRI SUKOMAL SEN: Madam, the statement is actually nothing. I would like to know from the honurable Minister whether he has made any estimate of the likely outflow of the NRI deposits in India during the current financial year and whether he has tried to pinpoint the reasons for this outflow in the months of April

† The question was actually asked on the floor of the house by Shri Sukomal Sen.

and May which is to the tune of 210 million dollars. I would also like to know whether the present Bank Scam has shaken the confidence of the NRIs in the Indian economic system. Will the honourable Minister react to these questions?

SHRI RAMESHWAR THAKUR: Madam, so far as this year is concerned, the net outflow of the NRI deposits was of the order of $ 221 million. This is the outflow during the months of April and May, 1992. Last year, during the same period, the net outflow was $ 652 million.

SHRI SUKOMAL SEN: This is there in the statement itself.

SHRI RAMESHWAR THAKUR: Efforts are being made and a number of incentives have been provided for more inflow of NRI deposits.

THE DEPUTY CHAIRMAN: You put your second supplementary.

SHRI SUKOMAL SEN: Madam, my first question, the main question, has not been replied to. I wanted to know whether, because of the present Bank Scam, the faith of the NRIs in the Indian economic system has been affected and that is why they are taking away their money from the Indian banks. That has not been replied to at all by the Minister.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Madam, I wold like to state that the assertion that there has been any diminution of confidence in the Indian economy on the part of the NRIs is wrong. I have the figures. Because of the normal bunching of maturities in April, there was an outflow of 188 million. In May, it declined to $ 75 million; in June, it declined to $ 45 million; and, in the first ten days of July, there has been some inflow. So, there is no basis for the conclusion that there has been any diminution of confidence in our economy on the part of the NRIs.

SHRI SUNIL BASU RAY: The question that arises out of the reply is that with the incentives that we are giving to NRIs, they are becoming illusory. They are going away from us. So, what are the reasons that in spite of the incentives to them they are withdrawing their deposits? Has the Government made any enquiry about it? And what is their finding?

SHRI MANMOHAN SINGH: Madam, I have already explained that the outflow in the first few months of the curent year was due to the bunching of maturities. It is not a beginning of a new adverse trend. I am confident that with the measures that have been taken, the net inflow would be positive in the course of the current year.

THE DEPUTY CHAIRMAN: Question Hour is over. Papers to be laid on the Table.

WRITTEN ANSWERS TO QUESTIONS

Terms of Reference of the Te nth Finance Commission

*287. SHRI TRILOKI NATH CHATURVEDI:

SHRI RAM RATAN RAM:

Will the Minister of FINANCE be pleased to state:

(a) whether the State Governments have been consulted with regard to the terms of reference of the Tenth Finance Commission, and if not, what are the reasons therefor; and

(b) the manner in which Government propose to associate the State Governments and at what stage the suggestions made by the State Governments with regard to the Finance Commission would be considered?